

The Economics Assessment

The NAEP economics assessment includes items classified across three interrelated components: economics content knowledge areas, cognitive categories, and contextual settings. The three economics content knowledge areas and the respective amount of assessment time specified for each content area appear in the table below.

NAEP Economics Framework Distribution of Question Pool Across Economics Content Area

	Grade 12
The Market Economy	45%
The National Economy	40%
The International Economy	15%

The three cognitive categories describe the primary cognitive demands assessment items may make on students participating in the NAEP assessment. The NAEP framework calls for students to spend approximately 33 percent of their assessment time on items from each category. The three cognitive categories for economics items include:

- Knowing
- Applying
- Reasoning

The NAEP economics framework calls for economics items to be written in a variety of contextual settings appropriate to real-world situations and to the variety of ways in which students learn economic concepts. The ranges of assessment time specified by the framework for each of the contexts are:

- Individual and household (20 to 30%)
- Business (20 to 30%)
- Public (20 to 30%)
- Other contexts (0 to 10%)
- Context-Free (0 to 10%)
- Multiple Contexts (0 to 10%)

The assessment consists of multiple-choice, short constructed-response, and extended constructed-response questions. The constructed-response questions make up approximately 40 percent of the assessment time. For more information regarding the economics assessment framework please visit <http://nagb.org>.

Economics Booklet Directions

In each of the next two sections, you will have 25 minutes to answer a series of questions about economics. You should think carefully about your answers, and you should use the entire 25 minutes to complete each section.

You will be asked to respond to several different types of questions. Some of the questions will require you to choose the best answer and fill in the oval for that answer in your booklet.

For other questions, you will be asked to write short answers on the blank lines provided in your booklet. Here is an example of a question that requires you to provide a short answer.

Example 1

A consumer wants to buy a television set. She is deciding between a standard model with a 19" screen or a more expensive deluxe model with a bigger screen and a built-in DVD player. How can she use an analysis of costs and benefits to help her choose?

The consumer should determine how much change in benefit will be realized by buying the deluxe television as compared to the standard one and whether the additional features (marginal benefits) are worth more to the consumer than the additional (marginal) costs of the deluxe model.

Also, you will be asked to answer other questions by writing longer, more detailed responses. For example, here is a question that requires you to provide a longer answer.

Example 2

The government of Country A does not subsidize haircuts for its citizens, but it does subsidize public education. From an economic standpoint, explain why this is a reasonable position for the government.

People will purchase a good or service if the benefit they receive is greater than the cost they pay. Haircuts primarily benefit only those who purchase them. Education, on the other hand, helps not only those becoming educated but also other members of society. For example, many members of society benefit from such things as new inventions and medical services provided by educated people.

When you are asked to write your response be sure that your handwriting is clear. Think carefully about each question and make your answers as complete as possible, using as many lines as you need.

If you finish before time is called, be sure to read your work again and change anything that you think will make your answers better.



Sample Economics Questions

Grade 12

1. What is the first step labor unions take when negotiating contracts with employers?
 - ☒ Engage in collective bargaining
 - ☐ Start a plant lockout
 - ☐ Demand binding arbitration
 - ☐ Call for a strike

2. Which of the following strategies is generally considered an effective means of enhancing a country's long-term economic growth?
 - ☐ Decreasing the money supply
 - ☐ Decreasing government spending
 - ☒ Increasing spending on education and training
 - ☐ Increasing the international value of the country's currency

3. Consider the following information as you answer the question below.

- The United States economy is at full employment.
- Six months ago, a group of foreign oil-exporting nations agreed to limit the supply of oil to force higher oil prices. This action has resulted in a 25 percent increase in price on all oil products.
- The Federal Reserve Bank is considering adding more money to the money supply to help workers and employers cope with the higher oil prices.

Use economic analysis to explain the following:

(1) What is likely to happen to (a) the price level and (b) output as a result of the increase in oil prices?

Since oil is a major input in many production processes, an increase in the price of oil raises the costs of production for businesses. This will decrease aggregate supply causing a decline in output and an increase in the price level.

(2) If the Federal Reserve decides to increase the money supply to counter the impact of the oil price increase, what is likely to happen to the price level in the short run?

The increase in the money supply by the Fed will lead to a decrease in interest rates.

The lower interest rates will stimulate investment and interest-sensitive consumption spending, causing aggregate demand to increase. The increase in aggregate demand will lead to an increase in output and the price level in the short-run.

4. Explain the reason a firm might be able to afford to pay a higher salary to more productive workers than to less productive workers.

5. Trade restrictions, such as the imposition of import tariffs, usually result in higher product prices. Despite this increase, which of the following is often the primary economic motivation for a government to impose such restrictions?
- The government is responding to help domestic producers.
 - Ⓐ The government is responding to help domestic consumers.
 - Ⓑ The government wants to increase the demand for products subject to the tariffs.
 - Ⓒ The government wants to raise revenue to pay for the tariffs.

Average Earnings Per Hour In Manufacturing and Service Jobs		
Year	Manufacturing Earnings per Hour	Service Industry Earnings per Hour
1965	\$ 2.50	\$ 2.05
1975	\$ 4.67	\$ 4.02
1985	\$ 9.16	\$ 7.90
1995	\$11.74	\$11.39
2000	\$13.62	\$13.93
Source: Bureau of Labor Statistics		

6. Which of the following changes in the labor market would have led to the changes in average hourly wages shown in the table above?
- Ⓐ The supply of workers in the service industry increased more than did the supply for workers in manufacturing.
 - Ⓑ The supply of workers in manufacturing increased more than did the demand for such workers.
 - The demand for workers in the service industry increased more than did the supply of such workers.
 - Ⓒ The demand for workers in manufacturing increased more than did the demand for workers in the service industry.



Student Background Questionnaire

General Directions for Grade 12

In the next two sections, you will be asked questions about yourself and your education. The choices for some questions will be written across the page as shown. Fill in the oval for the best answer.

Example 1

	Never or hardly ever	Once or twice a month	Once or twice a week	Almost every day
1. How often do you watch movies on TV?	<input type="radio"/> A	<input type="radio"/> B	<input type="radio"/> C	<input type="radio"/> D

You should have filled in the oval below the answer that best tells how often you watch movies on TV.

The choices for some questions will be written down the page as shown. Now read Example 2 and indicate your answer.

Example 2

2. Which event would you prefer to attend?
<input type="radio"/> A basketball game
<input type="radio"/> B car show
<input type="radio"/> C concert
<input type="radio"/> D play

Make your answer mark clear and dark in the oval. If you make a mistake or want to change your answer, be sure to completely erase any unwanted marks.



Do not go past the sign at the end of each section until you are told to do so. If you finish before time is called, go back and check your work on that section only. Use your time carefully. Do as much as you can in each section.



Student Background Questionnaire

In this section, please tell us about yourself and your family. The section has 14 questions. Mark your answers in your booklet.

VB331330

VB331331

1. Are you Hispanic or Latino? Fill in one or more ovals.

- ☐ Ⓐ No, I am not Hispanic or Latino.
- ☐ Ⓑ Yes, I am Mexican, Mexican American, or Chicano.
- ☐ Ⓒ Yes, I am Puerto Rican or Puerto Rican American.
- ☐ Ⓓ Yes, I am Cuban or Cuban American.
- ☐ Ⓔ Yes, I am from some other Hispanic or Latino background.

2. Which of the following best describes you? Fill in **one or more ovals**.

- ☐ Ⓐ White
- ☐ Ⓑ Black or African American
- ☐ Ⓒ Asian
- ☐ Ⓓ American Indian or Alaska Native
- ☐ Ⓔ Native Hawaiian or other Pacific Islander

GO ON TO THE NEXT PAGE 

For the rest of the questions in this section, fill in only **one** oval for each question.

VB331333

3. Does your family get a newspaper at least four times a week?

☐ A Yes
☐ B No
☐ C don't know.

VB331337

7. Is there an encyclopedia in your home? It could be a set of books, or it could be on the computer.

☐ A Yes
☐ B No
☐ C don't know.

VB331334

4. Does your family get any magazines regularly?

☐ A Yes
☐ B No
☐ C I don't know.

TB001101

8. About how many pages a day do you have to read in school and for homework?

☐ A 5 or fewer
☐ B 6–10
☐ C 11–15
☐ D 16–20
☐ E More than 20

VB331335

5. About how many books are there in your home?

☐ A Few (0–10)
☐ B Enough to fill one shelf (11–25)
☐ C Enough to fill one bookcase (26–100)
☐ D Enough to fill several bookcases (more than 100)

VB331339

9. How often do you talk about things you have studied in school with someone in your family?

☐ A Never or hardly ever
☐ B Once every few weeks
☐ C About once a week
☐ D Two or three times a week
☐ E Every day

VB331336

6. Is there a computer at home that you use?

☐ A Yes
☐ B No

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VB331447

10. How many days were you absent from school in the last month?

- Ⓐ None
- Ⓐ 1 or 2 days
- Ⓑ 3 or 4 days
- Ⓒ 5 to 10 days
- Ⓓ More than 10 days

VB330870

11. How far in school did your mother go?

- Ⓐ She did not finish high school.
- Ⓑ She graduated from high school.
- Ⓒ She had some education after high school.
- Ⓓ She graduated from college.
- Ⓔ I don't know.

VB330871

12. How far in school did your father go?

- Ⓐ He did not finish high school.
- Ⓑ He graduated from high school.
- Ⓒ He had some education after high school.
- Ⓓ He graduated from college.
- Ⓔ I don't know.

VB331451

13. How often do people in your home talk to each other in a language other than English?

- Ⓐ Never
- Ⓑ Once in a while
- Ⓒ About half of the time
- Ⓓ All or most of the time

HE002549

14. Which of the following best describes your high school program?

- Ⓐ General
- Ⓑ Academic or college preparatory
- Ⓒ Vocational or technical



Student Background Questionnaire

Economics—Grade 12

This section has 16 questions. Mark your answers in your booklet. Unless directed otherwise, fill in only one oval for each question.

VB595239

1. Which **economics-related courses** have you taken from ninth grade to the present? Count each course only once. Include courses you are currently taking as well as courses taken in summer school. Fill in **one or more ovals** on each line.

	Not taken	Taken/ taking in Grade 12	Taken in Grade 11	Taken in Grade 10	Taken in Grade 9
a. Economics course (general course other than Advanced Placement, International Baccalaureate, or honors economics)	(A)	(B)	(C)	(D)	(E)
b. Government and economics course (combined course)	(A)	(B)	(C)	(D)	(E)
c. Consumer economics or personal finance course	(A)	(B)	(C)	(D)	(E)
d. Advanced Placement Economics course	(A)	(B)	(C)	(D)	(E)
e. International Baccalaureate Economics course	(A)	(B)	(C)	(D)	(E)
f. Honors economics course (other than Advanced Placement or International Baccalaureate Economics)	(A)	(B)	(C)	(D)	(E)
g. Business course such as entrepreneurship or business principles	(A)	(B)	(C)	(D)	(E)
h. Any other economics course (specify)_____	(A)	(B)	(C)	(D)	(E)
i. Any other course that includes an extended (at least 8-week long) unit on economics (specify)_____	(A)	(B)	(C)	(D)	(E)

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VB595669

2. Which of the following statements best describes your overall course-taking in economics?
- ☐ (A) I have **taken at least one** of the courses listed in Question 1 → Go to Question 3
- ☐ (B) I have **not taken any** of the courses listed in Question 1 → Skip to Question 7

VC099117

3. For the course(s) you marked "Taken/taking in grade 12" in **Question 1**, which of the following is true for you? Fill in all ovals that apply.
- ☐ (A) I am not taking any of these courses in grade 12.
- ☐ (B) I am currently enrolled in a year-long course.
- ☐ (C) I completed a semester-long course this school year.
- ☐ (D) I just started a semester-long course.

VB595670

4. Think about the courses in **Question 1**. How much do you agree or disagree with the following statements about those courses that you took? Fill in **one** oval on each line.

	Strongly disagree	Somewhat disagree	Somewhat agree	Strongly agree
a. Taking the course(s) helped me understand the U.S. economy.	<input type="radio"/> (A)	<input type="radio"/> (B)	<input type="radio"/> (C)	<input type="radio"/> (D)
b. Taking the course(s) helped me understand the international economy.	<input type="radio"/> (A)	<input type="radio"/> (B)	<input type="radio"/> (C)	<input type="radio"/> (D)
c. Taking the courses(s) helped me understand what I hear on the news about current events and public policy.	<input type="radio"/> (A)	<input type="radio"/> (B)	<input type="radio"/> (C)	<input type="radio"/> (D)
d. Taking the course(s) helped me understand how to manage my personal finances, now and in the future.	<input type="radio"/> (A)	<input type="radio"/> (B)	<input type="radio"/> (C)	<input type="radio"/> (D)
e. Taking the course(s) helped me make choices about my future education and career.	<input type="radio"/> (A)	<input type="radio"/> (B)	<input type="radio"/> (C)	<input type="radio"/> (D)



VB595676

VB595677

5. In your current or most recent course that included economics, how often are you or were you asked to write long answers to questions or assignments?

- Ⓐ Never
- Ⓑ Once or twice a year
- Ⓒ Once or twice a month
- Ⓓ At least once a week

6. In your current or most recent course that included economics, how often do you or did you use the Internet to get economic data or information? Include both class work and homework.

- Ⓐ Never or hardly ever
- Ⓑ Once every few weeks
- Ⓒ About once a week
- Ⓓ Two or three times a week
- Ⓔ Every day
- Ⓕ I haven't studied economics this year

VB595679

7. **Not including things you do for school**, how often do you watch, read about, or listen to information on the following topics? Fill in **one** oval on each line.

	Never or hardly ever	A few times a year	Once or twice a month	At least once a week
a. The local economy (unemployment in your area, job opportunities, prices of goods and services, taxes, public budgets, etc.)	Ⓐ	Ⓑ	Ⓒ	Ⓓ
b. The U.S. economy (unemployment, inflation, economic growth, national economic policy, interest rates, the stock market, etc.)	Ⓐ	Ⓑ	Ⓒ	Ⓓ
c. The international economy (the state of economies in other countries, trade agreements and restrictions, globalization, etc.)	Ⓐ	Ⓑ	Ⓒ	Ⓓ
d. Personal finance (savings, investment, credit cards, etc.)	Ⓐ	Ⓑ	Ⓒ	Ⓓ

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VB595964

8. To what extent do you use the following sources to learn about **economic issues**? Fill in **one** oval on each line.

	Not at all	Small extent	Moderate extent	Large extent
a. Newspapers and magazines	(A)	(B)	(C)	(D)
b. Radio and television	(A)	(B)	(C)	(D)
c. Internet	(A)	(B)	(C)	(D)
d. Family and friends	(A)	(B)	(C)	(D)
e. Personal experiences (such as having a job or keeping a budget)	(A)	(B)	(C)	(D)

VB595971

9. Since the beginning of ninth grade, have you ever participated in any of the following **economics-related activities**? Fill in **one or more ovals** on each line.

	Yes, did this for a class	Yes, did this, but <u>not</u> for a class	No, never did this
a. Future Business Leaders of America (FBLA)	(A)	(B)	(C)
b. DECA (an association of marketing students)	(A)	(B)	(C)
c. Junior Achievement	(A)	(B)	(C)
d. Club (includes such things as an economics, entrepreneurship, or investment club)	(A)	(B)	(C)
e. Academic competition (includes such things as Fed Challenge, Economics Challenge, or Academic Decathlon)	(A)	(B)	(C)
f. Stock market game/simulation	(A)	(B)	(C)
g. Student-managed school store	(A)	(B)	(C)
h. Student-managed credit union or bank	(A)	(B)	(C)
i. Other (specify)_____	(A)	(B)	(C)


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VB607183

10. **Last summer**, how much did you work? Include work you did for pay or for a family business.

- Ⓐ Did not work at all
- Ⓑ Worked once in awhile or less than 5 hours a week
- Ⓒ Worked between 5 and 10 hours a week
- Ⓓ Worked between 11 and 20 hours a week
- Ⓔ Worked more than 20 hours a week

VB607184

11. **Currently**, how much do you work? Include work you do for pay or for a family business.

- Ⓐ Do not work at all
- Ⓑ Work once in awhile or less than 5 hours a week
- Ⓒ Work between 5 and 10 hours a week
- Ⓓ Work between 11 and 20 hours a week
- Ⓔ Work more than 20 hours a week

QK070697

12. How much education do you think you will complete?

- Ⓐ I will not finish high school.
- Ⓑ I will graduate from high school.
- Ⓒ I will have some education after high school.
- Ⓓ I will graduate from college.
- Ⓔ I will go to graduate school.
- Ⓕ I don't know.

VC101417

13. What do you expect that your main activity will be in the year after you leave high school?

- Ⓐ Working full time
- Ⓑ Attending a vocational, technical, or business school
- Ⓒ Attending a two-year college
- Ⓓ Attending a four-year college, service academy, or university
- Ⓔ Serving in the military
- Ⓕ Other

VB595182

14. How hard was this test compared to most other tests you have taken this year in school?

- Ⓐ Easier than other tests
- Ⓑ About as hard as other tests
- Ⓒ Harder than other tests
- Ⓓ Much harder than other tests

VC034559

15. How hard did you try on this test compared to how hard you tried on most other tests you have taken this year in school?

- Ⓐ Not as hard as on other tests
- Ⓑ About as hard as on other tests
- Ⓒ Harder than on other tests
- Ⓓ Much harder than on other tests

VB595184

16. How important was it to you to do well on this test?

- Ⓐ Not very important
- Ⓑ Somewhat important
- Ⓒ Important
- Ⓓ Very important

